

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 362

SPONSOR: Appropriations Subcommittee on Education, Education Committee and Senator Constantine

SUBJECT: Charter Schools

DATE: March 11, 2004 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matthews</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/CS</u>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
3.	<u>Armstrong</u>	<u>Newman</u>	<u>AED</u>	<u>Fav/CS</u>
4.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>RC</u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## I. Summary:

This committee substitute (CS) requires a charter school contract to contain provisions relating to the salary or salary range of each position in the charter school along with the methodology in selecting the salary or salary range. The proposed salary or salary range would be subject to public input. The CS prohibits a charter school employee from receiving salary and benefits in excess of the maximum salary and benefits provided to an equivalent position in the district school system in whose jurisdiction the charter school is located. In addition, the CS requires charter schools to report the salary and benefit levels of each charter school employee.

The CS also requires each school's charter to identify all persons employed by the charter school who are relatives of the charter school owner, president, chairperson of the board of directors, superintendent, board member, principal, assistant principal, or any other person employed by the charter school with equivalent decision-making authority. The CS defines relative as that term is used in s. 112.3135, F.S.

The CS is prospective in application, applying only to new charters or charters re-approved subsequent to the effective date of the act.

This bill amends section 1002.33 of the Florida Statutes.

## II. Present Situation:

Pursuant to s. 1002.33, F.S., a charter school is a public school that is operated by a nonprofit organization. A charter school selects its own employees and by implication what it pays those employees. Charter school salaries are not tied to the pay system of the district school system in

which they are located. Charter schools, like their more traditional public school counterparts, are not bound by any specific statutory salary limitations.

As a consequence of limited review of the charter school salary structure, certain charter schools are paying their employees at a rate that significantly exceeds a comparable employee in a public school run by the school district. For example, a principal at the School of Success Academy, a “D” school as measured by s. 1008.22, F.S., received a \$107,710 salary in 2002, which is approximately \$37,000 above the average salary (\$69,672) for a principal in the Duval County district school system.<sup>1</sup>

Additionally, relatives of certain senior charter school employees have been employed at their charter schools, sometimes in well-paid positions, raising concerns regarding possible nepotism. In other instances, relatives of senior charter school employees have sat on the charter school’s board – effectively supervising their family members, the charter school employees.<sup>2</sup>

A charter school must report the salary and benefit levels of its employees to the charter school sponsor, who in turn must file the report with the Commissioner of Education. Section 1002.33, F.S., requires the Department of Education to note which charter schools have failed to report by the appropriate deadline. In practice, most charter schools report to the Department of Education the salary and benefit levels on an aggregate basis. Accordingly, the Department of Education does not know the specific salary or salary ranges of each position in the charter school. In addition, the sponsor of the charter school does not know the proposed salary structure prior to charter approval.

### **III. Effect of Proposed Changes:**

Each charter school that seeks approval or re-approval of its charter would be required to document the salary structure of each position in the charter school, and the salary rate would be part of the written contract between the charter school and the sponsor. As part of the charter proposal, the salary rate structure would be subject to public input and debate. Accordingly, there would be more disclosure concerning the salary rates at charter schools.

The CS requires a charter school to report salary and benefit levels for each charter school employee. This provision would clarify that charter schools may not report the salary and benefit levels on an aggregate basis.

In addition, a charter school would not be permitted to pay any employee, salary and benefits in excess of the maximum salary and benefits paid to an equivalent position in the district school system where the charter school is located. The district school board would determine what constitutes the equivalent position.

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<sup>1</sup> Florida Times-Union, *Charter Schools Salaries at Issue*, December 23, 2003.

<sup>2</sup> For example, at the School of Success Academy in Duval County, the husband and son of the school principal were employed by the school, each of them drawing two paychecks because the academy includes both a middle school and a high school. See Florida Times-Union, *Charter Schools Salaries at Issue*, December 23, 2003. In another example, the executive director of a charter school as well as her husband were both listed as board members of the school, and both drew salaries from the school. Palm Beach Post, *Lawmakers to Weigh Tougher Rules for Charter Schools*, February 17, 2004.

Each charter school also would be required to indicate in its charter the identity of all persons employed by the charter school who are related to the charter school owner, president, chairperson of the board of directors, superintendent, board member, principal, assistant principal, or any other person employed by the charter school with equivalent decision-making authority. The CS defines the term “relative” to mean father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister.

The CS is prospective in application and has an effective date upon becoming a law.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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